

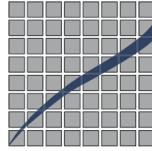
**WAGONS WEST METROPOLITAN DISTRICT
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

**WAGONS WEST METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2022**

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Wagons West Metropolitan District
El Paso County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Wagons West Metropolitan District ("District"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2022, the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it

exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in

accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BiggsKofford, P.C.

Colorado Springs, Colorado
September 22, 2023

BASIC FINANCIAL STATEMENTS

**WAGONS WEST METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 694
Cash and Investments - Restricted	245,964
Accounts Receivable	16,962
Prepaid Expenses	3,044
Receivable from County Treasurer	982
Receivable from Management	25,474
Property Taxes Receivable	145,377
Capital Assets, Net	<u>2,232,238</u>
Total Assets	<u>2,670,735</u>
LIABILITIES	
Accounts Payable	35,934
Accrued Interest Payable	7,021
Noncurrent Liabilities:	
Due in More Than One Year	<u>3,308,865</u>
Total Liabilities	<u>3,351,820</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>145,377</u>
Total Deferred Inflows of Resources	<u>145,377</u>
NET POSITION	
Restricted For:	
Emergency Reserves	3,400
Capital Projects	2,398
Unrestricted	<u>(832,260)</u>
Total Net Position	<u><u>\$ (826,462)</u></u>

See accompanying Notes to Basic Financial Statements.

**WAGONS WEST METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Government Activities:				
General Government	\$ 139,003	\$ 65,924	\$ -	\$ -
Interest and Related Costs on Long-Term Debt	<u>201,777</u>	-	-	<u>(201,777)</u>
Total Governmental Activities	<u>\$ 340,780</u>	<u>\$ 65,924</u>	<u>\$ -</u>	<u>(274,856)</u>
				Net Revenue (Expense) and Change in Net Position
				Governmental Activities
				115,664
				12,022
				3,275
				<u>130,961</u>
				(143,895)
				<u>(682,567)</u>
				<u>\$ (826,462)</u>
GENERAL REVENUES				
Property Taxes				
Specific Ownership Taxes				
Net Investment Income				
Total General Revenues				
CHANGE IN NET POSITION				
Net Position - Beginning of Year				
NET POSITION - END OF YEAR				

See accompanying Notes to Basic Financial Statements.

**WAGONS WEST METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 694	\$ -	\$ -	\$ 694
Cash and Investments - Restricted	3,400	239,138	3,426	245,964
Accounts Receivable	16,962	-	-	16,962
Prepaid Expenses	3,044	-	-	3,044
Receivable from County Treasurer	343	639	-	982
Receivable from Management	25,474	-	-	25,474
Property Taxes Receivable	40,803	104,574	-	145,377
	<u>\$ 90,720</u>	<u>\$ 344,351</u>	<u>\$ 3,426</u>	<u>\$ 438,497</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 35,934	\$ -	\$ -	\$ 35,934
Total Liabilities	35,934	-	-	35,934
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	40,803	104,574	-	145,377
Total Deferred Inflows of Resources	40,803	104,574	-	145,377
FUND BALANCES				
Nonspendable:				
Prepaid Expenditures	3,044	-	-	3,044
Restricted For:				
Emergency Reserves	3,400	-	-	3,400
Debt Service	-	239,777	-	239,777
Capital Projects	-	-	3,426	3,426
Unassigned	7,539	-	-	7,539
Total Fund Balances	<u>13,983</u>	<u>239,777</u>	<u>3,426</u>	<u>257,186</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 90,720</u>	<u>\$ 344,351</u>	<u>\$ 3,426</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the funds.

Capital Assets, Net 2,232,238

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds.

Bonds Payable (2,238,000)
Bond Premium (48,905)
Accrued Interest on Bonds Payable (150,842)
Developer Advance Payable (726,145)
Accrued Interest on Developer Advance Payable (151,994)

Net Position of Governmental Activities

\$ (826,462)

See accompanying Notes to Basic Financial Statements.

**WAGONS WEST METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022**

	General Fund	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 40,417	\$ 75,247	\$ -	\$ 115,664
Specific Ownership Taxes	4,201	7,821	-	12,022
Maintenance Fees	65,924	-	-	65,924
Net Investment Income	9	3,249	17	3,275
Total Revenues	<u>110,551</u>	<u>86,317</u>	<u>17</u>	<u>196,885</u>
EXPENDITURES				
General and Administration:				
Accounting	21,569	-	-	21,569
Audit	3,850	-	-	3,850
County Treasurer's Fees	606	-	-	606
District Management	12,000	-	-	12,000
Dues and License	380	-	-	380
Election Expense	3,644	-	-	3,644
Insurance	2,993	-	-	2,993
Landscape Maintenance	51,129	-	-	51,129
Water	17,286	-	-	17,286
Legal	22,050	-	-	22,050
Contingency	450	-	-	450
Street Lights	3,046	-	-	3,046
Debt Service:				
Bond Interest	-	84,250	-	84,250
County Treasurer's Fees	-	1,129	-	1,129
Paying Agent Fees	-	7,000	-	7,000
Total Expenditures	<u>139,003</u>	<u>92,379</u>	<u>-</u>	<u>231,382</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(28,452)	(6,062)	17	(34,497)
OTHER FINANCING SOURCES (USES)				
Developer Advance	21,000	-	-	21,000
Total Other Financing Sources (Uses)	<u>21,000</u>	<u>-</u>	<u>-</u>	<u>21,000</u>
NET CHANGE IN FUND BALANCES	(7,452)	(6,062)	17	(13,497)
Fund Balances - Beginning of Year	<u>21,435</u>	<u>245,839</u>	<u>3,409</u>	<u>270,683</u>
FUND BALANCES - END OF YEAR	<u>\$ 13,983</u>	<u>\$ 239,777</u>	<u>\$ 3,426</u>	<u>\$ 257,186</u>

See accompanying Notes to Basic Financial Statements.

**WAGONS WEST METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Governmental Funds	\$ (13,497)
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Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g. bond issuance, developer advance) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Developer Advance	(21,000)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Current Year Amortization of Bond Premium	2,591
Accrued Interest on Developer Advance - Change in Liability	(57,399)
Accrued Interest on Bonds Payable - Change in Liability	(54,590)
	(109,398)

Changes in Net Position of Governmental Activities	\$ (143,895)
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**WAGONS WEST METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Property Taxes	\$ 40,399	\$ 40,417	\$ 40,417	\$ -
Specific Ownership Taxes	4,040	4,049	4,201	152
Maintenance Fees	40,000	53,128	65,924	12,796
Net Investment Income	-	-	9	9
Total Revenues	<u>84,439</u>	<u>97,594</u>	<u>110,551</u>	<u>12,957</u>
EXPENDITURES				
Accounting	16,500	15,000	21,569	(6,569)
Audit	3,850	3,850	3,850	-
Contingency	16,944	10,966	450	10,516
County Treasurer's Fees	606	606	606	-
District Management	14,000	11,997	12,000	(3)
Dues and Licenses	600	380	380	-
Election Expense	10,000	3,451	3,644	(193)
Electricity	2,000	2,936	-	2,936
Insurance	3,500	2,993	2,993	-
Irrigation Repairs	10,000	-	-	-
Landscape Maintenance	25,000	58,714	51,129	7,585
Water	-	25,085	17,286	7,799
Legal	25,000	15,000	22,050	(7,050)
Snow Removal	2,000	2,000	-	2,000
Street Lights	5,000	2,822	3,046	(224)
Miscellaneous	-	200	-	200
Total Expenditures	<u>135,000</u>	<u>156,000</u>	<u>139,003</u>	<u>16,997</u>
NET CHANGE IN FUND BALANCES	(50,561)	(58,406)	(28,452)	29,954
OTHER FINANCING SOURCES (USES)				
Developer Advance	50,800	40,000	21,000	(19,000)
Total Other Financing Sources (Uses)	<u>50,800</u>	<u>40,000</u>	<u>21,000</u>	<u>(19,000)</u>
NET CHANGE IN FUND BALANCE	239	(18,406)	(7,452)	10,954
Fund Balance - Beginning of Year	<u>2,362</u>	<u>21,435</u>	<u>21,435</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,601</u>	<u>\$ 3,029</u>	<u>\$ 13,983</u>	<u>\$ 10,954</u>

See accompanying Notes to Basic Financial Statements.

**WAGONS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 DEFINITION OF REPORTING ENTITY

Wagons West Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court for El Paso County (the County) on November 30, 2018, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the Board of Trustees of the Town of Monument, El Paso County, Colorado (the Town) by resolution 23-2018 on August 6, 2018. The District's service area is located entirely within the Town.

The District was established to provide a part or all of the Public Improvements for the use and benefit of all anticipated constituents and taxpayers of the District. The primary purpose of the District is to finance the construction of the Public Improvements, including water, storm sewer, sanitation, street and roadway improvement, traffic and safety control, parks and recreation, transportation, television relay and translator, mosquito and pest elimination and control, solid waste disposal and covenant enforcement.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District has no employees, and all operations and administrative functions are contracted.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and inter-governmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

**WAGONS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

**WAGONS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District has amended its annual budget for the year ended December 31, 2022.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15, by certification to the County Commissioners, to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets.

**WAGONS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Amortization

Original Issue Premium

In the government-wide financial statements, bond premiums are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item deferred property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

**WAGONS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2022 are classified in the accompanying financial statements as follows:

Statement of Net Assets:

Cash and Investments	\$ 694
Cash and Investments - Restricted	<u>245,964</u>
Total Cash and Investments	<u><u>\$ 246,658</u></u>

Cash and investments as of December 31, 2022 consist of the following:

Deposits with Financial Institutions	\$ 82,002
Investments	<u>164,656</u>
Total Cash and Investments	<u><u>\$ 246,658</u></u>

**WAGONS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2022, the District's cash deposits had a bank balance and a carrying balance of \$82,002.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

- Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- * Local government investment pools

**WAGONS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

As of December 31, 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	<u>\$ 164,656</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under Section 24-75-601, C.R.S..

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor’s. COLOTRUST EDGE is rated AAaf/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

**WAGONS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 CAPITAL ASSETS

An analysis of the change in capital assets for the year ended December 31, 2022, follows:

	Balance - December 31, 2021	Increases	Decreases	Balance - December 31, 2022
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 2,232,238	\$ -	\$ -	\$ 2,232,238
Capital Assets, Net	<u>\$ 2,232,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,232,238</u>

Upon completion and acceptance, a significant portion of capital assets will be conveyed by the District to other local governments. The District will not be responsible for the maintenance of those assets. Upon acceptance of the improvements, the District will remove the cost of construction for its capital assets.

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2022.

	Balance - December 31, 2021	Additions	Reductions	Balance - December 31, 2022	Due Within One Year
Bonds Payable:					
Series 2020A G.O. Bonds	\$ 1,685,000	\$ -	\$ -	\$ 1,685,000	\$ -
Bond Premium - Series 2020A G.O. Bonds	51,496	-	2,591	48,905	-
Series 2020B G.O. Bonds	553,000	-	-	553,000	-
Accrued Interest on Series 2020B G.O. Bonds	89,231	54,590	-	143,821	-
Subtotal of Bonds Payable	<u>2,378,727</u>	<u>54,590</u>	<u>2,591</u>	<u>2,430,726</u>	<u>-</u>
Developer Advances:					
Developer Advance - Operations	128,002	21,000	-	149,002	-
Developer Advance - Capital	577,143	-	-	577,143	-
Accrued Interest on Developer Advances - Operations	12,020	11,228	-	23,248	-
Accrued Interest on Developer Advances - Capital	82,575	46,171	-	128,746	-
Subtotal of Developer Advances	<u>799,740</u>	<u>78,399</u>	<u>-</u>	<u>878,139</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 3,178,467</u>	<u>\$ 132,989</u>	<u>\$ 2,591</u>	<u>\$ 3,308,865</u>	<u>\$ -</u>

**WAGONS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The details of the District's long-term obligations are as follows:

General Obligation Bonds, Series 2020A and Subordinate General Obligation Bonds, Series 2020B

On March 4, 2020, the District issued General Obligation Bonds, Series 2020A (Series 2020A Bonds) in the par amounts of \$1,685,000 and Subordinate General Obligation Bonds, Series 2020B (Series 2020B Bonds) in the par amount of \$553,000. Proceeds from the sale of the Bonds were used to: (a) finance public improvements; (b) pay capitalized interest on the 2020A Senior Bonds; (c) fund the Senior Reserve Fund; and (d) pay costs of issuance of the Bonds.

The Series 2020A Bonds bear interest at 5.000% per annum and are payable semi-annually on June 1 and December 1, beginning on June 1, 2020. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2024. The 2020A Senior Bonds mature on December 1, 2049.

To the extent principal of any the Series 2020A Bonds are not paid when due, such principal shall remain outstanding until paid. To the extent interest on any Series 2020A Bonds are not paid when due, such interest shall compound semiannually on each interest payment date, at the rate then borne by the Series 2020A Bonds. The District shall not be obligated to pay more than the amount permitted by law and the election held on November 6, 2018 (the Election) in repayment of the Series 2020A Bonds. In the event the amount permitted by law and the Election has been repaid, any amounts remaining due on the Series 2020A Bonds shall be deemed defeased and shall no longer be due and outstanding.

The Series 2020B Bonds bear interest at 8.500% per annum and are payable annually on December 15, beginning December 15, 2020 from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2049.

The Series 2020B Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Series 2020B Bonds compounds annually on each December 15. All of the Series 2020B Bonds and interest thereon are to be deemed to be paid and discharged after the application of all available Subordinate Pledged Revenue available on December 15, 2059, regardless of the amount of principal and interest paid prior to that date. The District shall not be obligated to pay more than the amount permitted by law and the Election in repayment of the Series 2020B Bonds.

**WAGONS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Bonds, Series 2020A and Subordinate General Obligation Bonds, Series 2020B (Continued)

Optional Redemption

The Series 2020A Bonds are subject to redemption prior to maturity, at the option of the District, on March 1, 2025, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
March 1, 2025, to February 28, 2026	3.00%
March 1, 2026, to February 28, 2027	2.00
March 1, 2027, to February 29, 2028	1.00
March 1, 2028, and Thereafter	0.00

The Series 2020B Bonds are subject to redemption prior to maturity, at the option of the District, on March 1, 2025, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
March 1, 2025, to February 28, 2026	3.00%
March 1, 2026, to February 28, 2027	2.00
March 1, 2027, to February 29, 2028	1.00
March 1, 2028, and Thereafter	0.00

Security for the Series 2020A Bonds

The Series 2020A Bonds are secured by and payable solely from and to the extent of Senior Pledged Revenue, net of any costs of collection, which includes: (a) all Senior Property Tax Revenues; (b) all Senior Specific Ownership Tax Revenues; and (c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund. "Senior Property Tax Revenues" means all moneys derived from imposition by the District of the Senior Required Mill Levy, net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County. "Senior Specific Ownership Tax Revenues" means the specific ownership taxes remitted to the District as a result of its imposition of the Senior Required Mill Levy.

**WAGONS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

**General Obligation Bonds, Series 2020A and Subordinate General Obligation Bonds,
Series 2020B (Continued)**

Security for the Series 2020A Bonds (Continued)

The Senior Required Mill Levy is defined as, subject to the final paragraph of this definition, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year in an amount sufficient to fund the Bond Fund for the relevant Bond Year and pay the Bonds as they come due, and if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Required Reserve, but (i) not in excess of 50 mills less the amount of the Operations Mill Levy, and (ii) for so long as the Surplus Fund is less than the Maximum Surplus Amount, not less than 50 mills less the amount of the Operations Mill Levy, or such lesser mill levy which will fund the Bond Fund for the relevant Bond Year and pay the Bonds as they come due, will replenish the Reserve Fund to the amount of the Required Reserve, and will fund the Surplus Fund up to the Maximum Surplus Amount; provided however, that in the event the method of calculating assessed valuation is or was changed after January 1, 2018, the minimum and maximum mill levies provided herein shall be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

Notwithstanding anything herein to the contrary, in no event may the Required Mill Levy be established at a mill levy which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by the District's electoral authorization, and if the Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

Series 2020A Bonds Reserve Fund

The Series 2020A Bonds are also secured by amounts on deposit in the Senior Reserve Fund which was funded from proceeds of the Series 2020A Bonds in the amount of the Senior Reserve Requirement of \$133,250.

Series 2020A Bonds Surplus Fund

Prior to the Conversion Date, Senior Pledged Revenue that is not needed to pay debt service on the Series 2020A Bonds in any year will be deposited to and held in the Senior Surplus Fund, up to the Maximum Surplus Amount of \$168,500.

**WAGONS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Bonds, Series 2020A and Subordinate General Obligation Bonds, Series 2020B (Continued)

Security for the Series 2020B Bonds

The Series 2020B Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue, net of any costs of collection, which includes; (a) all Subordinate Property Tax Revenues; (b) all Subordinate Specific Ownership Tax Revenues; (c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund. "Subordinate Property Tax Revenues" means all moneys derived from imposition by the District of the Subordinate Required Mill Levy, net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County. "Subordinate Specific Ownership Tax Revenues" means the specific ownership taxes remitted to the District as a result of its imposition of the Subordinate Required Mill Levy.

Events of Default for the Bonds

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an event of default under the Indenture:

- i. The District fails or refuses to impose the required mill levy or to apply the pledged revenue as provided in the bond resolution;
- ii. The District defaults in the performance or observance of any other of the covenants in the bond resolution, and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the District by the Owner.
- iii. The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the bonds.

It is acknowledged that due to the limited nature of the pledged revenue, the failure to pay the principal of or interest on the bonds when due shall not, of itself, constitute an event of Default under the Indenture.

Remedies on Occurrence of Event of Default for the Revenue Bonds

Upon the occurrence and continuance of an Event of Default, the Trustee shall have the following rights and remedies which may be pursued:

- i. Receivership: Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Senior Indenture Trustee and of the Owners of the Series 2020A Senior Bonds, the Senior Indenture Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers of the Senior Trust Estate, and of the revenues, income, product, and profits thereof pending such proceedings, subject however, to constitutional limitations inherent in the sovereignty of the District; but notwithstanding the appointment of any receiver or other custodian, the Senior Trustee shall be entitled to the possession and control of any cash, securities, or other instruments at the time held by, or payable or deliverable under the provisions of the Senior Indenture to, the Senior Indenture Trustee.

**WAGONS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Remedies on Occurrence of Event of Default for the Revenue Bonds (Continued)

- ii. Suit for Judgment: The Senior Indenture Trustee may proceed to protect and enforce its rights and the rights of the Owners under the Series 2020A Senior Bonds under the Special Direct Acts, the Series 2020A Senior Bonds, the Authorizing Resolution, the senior Indenture and any provision of law by such suit, action or special proceedings as the Senior Indenture Trustee, being advised by Counsel, shall deem appropriate.

- iii. Mandamus or Other Suit: The Owner may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce its rights.

No Acceleration

Notwithstanding the foregoing or anything else herein to the contrary, acceleration shall not be an available remedy for an Event of Default.

As of December 31, 2022, the District was not in default.

The District's long-term obligations of the Series 2020A Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 84,250	\$ 84,250
2024	20,000	84,250	104,250
2025	20,000	83,250	103,250
2026	25,000	82,250	107,250
2027	25,000	81,000	106,000
2028 - 2032	170,000	383,000	553,000
2033 - 2037	245,000	333,750	578,750
2038 - 2042	345,000	262,750	607,750
2043 - 2047	470,000	164,750	634,750
2048 - 2049	365,000	30,750	395,750
Total	<u>\$ 1,685,000</u>	<u>\$ 1,590,000</u>	<u>\$ 3,275,000</u>

The annual debt service requirements on the Series 2020B Bonds are not currently determinable since they are payable only from available Subordinate Pledged Revenue.

Developer Advances

The District has entered into Funding and Reimbursement Agreements with ProTerra Properties, LLC (the Developer) as follows:

**WAGONS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances (Continued)

Advance and Reimbursement and Facilities Acquisition Agreement

The District entered into the Advance and Reimbursement and Facilities Acquisition Agreement (Advance and Reimbursement Agreement) with the Developer on November 7, 2019 pursuant to which the Developer has agreed under certain circumstances to advance funds to the District for operations and maintenance costs that cannot otherwise be paid by the District. Pursuant to the Advance and Reimbursement Agreement, the District agrees to repay the Developer along with accrued interest, at a rate of 8% beginning on the date the advance were made to the date of repayment. The Advance and Reimbursement Agreement does not constitute a multiple-fiscal year obligation. As of December 31, 2022, the amount outstanding under the aggregate of Advance and Reimbursement Agreement for operations and maintenance costs totaled \$172,250, comprised of principal of \$149,002 and accrued interest of \$23,248.

The Advance and Reimbursement Agreement also sets forth the terms under which the Developer may advance funds to the District or expend money on behalf of the District for organizational costs and public improvements and the conditions pursuant to which such advances may be reimbursed by the District. The District agrees to repay the Developer along with accrued interest, at a rate of 8% beginning on the date the advances were made to the date of repayment. The Advance and Reimbursement Agreement does not constitute a multiple-fiscal year obligation. As of December 31, 2022, the amount outstanding under the aggregate of Advance and Reimbursement Agreement for public improvements totaled \$705,889, comprised of principal of \$577,143 and accrued interest of \$128,746.

Authorized Debt

On November 6, 2018, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$70,000,000 at an interest rate not to exceed 18% per annum, in the following amounts for the following purposes:

**WAGONS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

	Amount Authorized on November 6, 2018	Authorization Used by Series 2020A Bonds	Authorization Used by Series 2020B Bonds	Authorized But Unissued as of December 31, 2022
Street Improvements	\$ 5,000,000	\$ 295,886	\$ 97,107	\$ 4,607,007
Parks and Recreation	5,000,000	118,624	38,931	4,842,445
Water System	5,000,000	310,208	101,807	4,587,985
Storm and Sanitary Sewer System	5,000,000	960,282	315,155	3,724,563
Public Transportation	5,000,000	-	-	5,000,000
Mosquito Control	5,000,000	-	-	5,000,000
Safety Protection	5,000,000	-	-	5,000,000
Fire Protection	5,000,000	-	-	5,000,000
TV Relay and Translation	5,000,000	-	-	5,000,000
Debt Refunding	5,000,000	-	-	5,000,000
Reimbursement Agreements	5,000,000	-	-	5,000,000
Construction Management Agreements	5,000,000	-	-	5,000,000
Operations and Maintenance	5,000,000	-	-	5,000,000
District Intergovernmental Agreements	5,000,000	-	-	5,000,000
Security Services	5,000,000	-	-	5,000,000
IGAs for Public Improvements	5,000,000	-	-	5,000,000
Total	<u>\$ 80,000,000</u>	<u>\$ 1,685,000</u>	<u>\$ 553,000</u>	<u>\$ 77,762,000</u>

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$5,000,000.

NOTE 6 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2022 as follows:

	<u>Governmental Activities</u>
Restricted Net Position:	
Emergency Reserves	\$ 3,400
Capital Projects	2,398
Total	<u>\$ 5,798</u>

The District has a deficit in unrestricted net position. The deficit was a result of the District being responsible for the repayment of bonds issued to construct public improvements for the benefit of other governmental entities, and which costs have not been recorded on the District's financial records.

**WAGONS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 7 RELATED PARTY

The members of the Board of Directors of the District are employees of, owners of, or otherwise associated with the Developer and may have conflicts of interest in dealing with the District.

NOTE 8 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for property and liability. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 9 TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that apply to the state of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. As of December 31, 2022, the District had provided but did not fund an Emergency Reserve, which may be a violation of the Constitutional Amendment.

On November 6, 2018, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations contained in Article X, Section 20 of the Colorado Constitution (TABOR) or Section 29-1-301, C.R.S.

**WAGONS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

SUPPLEMENTARY INFORMATION

**WAGONS WEST METROPOLITAN DISTRICT
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 75,214	\$ 75,247	\$ 33
Specific Ownership Taxes	7,521	7,821	300
Net Investment Income	800	3,249	2,449
Total Revenues	<u>83,535</u>	<u>86,317</u>	<u>2,782</u>
EXPENDITURES			
Bond Interest	84,250	84,250	-
Contingency	7,622	-	7,622
County Treasurer's Fees	1,128	1,129	(1)
Paying Agent Fees	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Total Expenditures	<u>100,000</u>	<u>92,379</u>	<u>7,621</u>
NET CHANGE IN FUND BALANCE	(16,465)	(6,062)	10,403
Fund Balance - Beginning of Year	<u>245,139</u>	<u>245,839</u>	<u>700</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 228,674</u></u>	<u><u>\$ 239,777</u></u>	<u><u>\$ 11,103</u></u>

**WAGONS WEST METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Total Revenues	\$ -	\$ 17	\$ 17
EXPENDITURES			
Engineering	3,409	-	3,409
Landscaping Installation	33,000	-	33,000
Total Expenditures	<u>36,409</u>	<u>-</u>	<u>36,409</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(36,409)	17	36,426
OTHER FINANCING SOURCES (USES)			
Developer Advance	<u>33,000</u>	<u>-</u>	<u>(33,000)</u>
Total Other Financing Sources (Uses)	<u>33,000</u>	<u>-</u>	<u>(33,000)</u>
NET CHANGE IN FUND BALANCE	(3,409)	17	3,426
Fund Balance - Beginning of Year	<u>3,409</u>	<u>3,409</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 3,426</u>	<u>\$ 3,426</u>

OTHER INFORMATION

**WAGONS WEST METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2022**

\$1,685,000
General Obligation Bonds, Series 2020A
Dated March 4, 2020
Interest Rate of 5.00%
Payable June 1 and December 1
Principal Due December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 84,250	\$ 84,250
2024	20,000	84,250	104,250
2025	20,000	83,250	103,250
2026	25,000	82,250	107,250
2027	25,000	81,000	106,000
2028	30,000	79,750	109,750
2029	30,000	78,250	108,250
2030	35,000	76,750	111,750
2031	35,000	75,000	110,000
2032	40,000	73,250	113,250
2033	40,000	71,250	111,250
2034	45,000	69,250	114,250
2035	50,000	67,000	117,000
2036	55,000	64,500	119,500
2037	55,000	61,750	116,750
2038	60,000	59,000	119,000
2039	65,000	56,000	121,000
2040	70,000	52,750	122,750
2041	70,000	49,250	119,250
2042	80,000	45,750	125,750
2043	80,000	41,750	121,750
2044	90,000	37,750	127,750
2045	95,000	33,250	128,250
2046	100,000	28,500	128,500
2047	105,000	23,500	128,500
2048	115,000	18,250	133,250
2049	250,000	12,500	262,500
Total	<u>\$ 1,685,000</u>	<u>\$ 1,590,000</u>	<u>\$ 3,275,000</u>

**WAGONS WEST METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2022**

Levy Year/ Collection Year	Prior Year Assessed Valuation for Current Year Tax Levy	Percent Change	Mills Levied		Total Property Taxes		Percent Collected to Levied
			General	Debt Service	Levied	Collected	
			Fund	Fund			
2019/2020	\$ 90,100	100%	10.000	40.000	\$ 4,505	\$ 4,505	100.00 %
2020/2021	819,190	809%	48.829	1.520	41,245	41,163	99.80
2021/2022	2,076,980	1396%	19.451	36.213	115,613	115,664	100.04
Estimated 2022/2023	\$ 2,813,630	90%	14.502	37.167	\$ 145,377		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.